Dear Mr. Wylie:

This letter is in response to your letter of July 20 to Donald Planty concerning questions from Alan Binckley on arms sales to Argentina and butter sales to the USSR.

The Commodity Credit Corporation (CCC) buys butter under the federal dairy price support program. This program keeps the price of butter in the U.S. well above the world market price and has resulted in the accumulation of a large stock of surplus butter. Since the U.S. support price is well above the world price, exports of butter would have to be subsidized. As the world's largest agricultural exporter, it is in our interest to minimize the use of agricultural export subsidies. After reviewing a number of possible ways of reducing the size of the CCC's butter surplus, a contract was signed August 4 to sell 100,000 tons of butter to the New Zealand Dairy Board. A provision in the contract prevents the New Zealand Dairy Board from selling the butter to the Soviet Union.

The Administration is seeking the repeal of section 620 (b) of the Foreign Assistance Act in order to remove blanket restrictions on the sale of military supplies and equipment to Argentina. This repeal is being sought in recognition of human rights progress in Argentina over the past year.

DEPARTMENT OF STATE A/CDC/MR
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Yours sincerely,

Richard Fairbanks
Assistant Secretary for
Congressional Relations

The Honorable
Chalmers P. Wylie,
House of Representatives.

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